August 29, 2006

Attn: PSC Regulation Docket No. 58
Ms. Karen J. Nickerson
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

Re: In the Matter of the Commission's Consideration of the "Interconnection" Standard Set Forth in 16 U.S.C. § 2621(d)(15) Related to PSC Regulation Docket No. 58 the Interconnection of Customer-Owned Generation to Utility Distribution Facilities
PSC Regulation Docket No. 58 (Opened July 11, 2006)

Dear Ms. Nickerson:

Enclosed for filing in the above captioned docket are an original and ten copies of the *Comments of the Mid-Atlantic Solar Energy Industries Association and Delaware Million Solar Roofs Coalition.*

Sincerely,

Brian Gallagher
Delaware Million Solar Roofs Coordinator

Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE COMMISSION'S CONSIDERATION OF THE "INTERCONNECTION" STANDARD SET FORTH IN 16 USC § 2621 (d) (15) RELATED TO THE INTERCONNECTION OF CUSTOMER-OWNED GENERATION TO UTILITY DISTRIBUTION FACILITIES (OPENED JULY 11, 2006)	)	**PSC REGULATION DOCKET NO. 58**

COMMENTS OF THE
MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION
AND DELAWARE MILLION SOLAR ROOFS COALITION

The Mid-Atlantic Solar Energy Industries Association ("Mid-Atlantic SEIA") and the Delaware Million Solar Roofs Coalition ("DE MSR") hereby offer their comments in response to Order No. 6983 issued by the Delaware Public Service Commission ("PSC or Commission") on July 11, 2006. PSC Order No. 6983 invited interested persons and entities to file comments in response to the questions posed within the body of the Order.

The joint comments of Mid-Atlantic SEIA and DE MSR are set forth below.

Question A
Should the Commission revisit and reexamine the "interconnection protocols" previously published by DP&L and DEC ... ? If you believe that reexamination is not necessary, please explain why such protocols remain appropriate? Also please explain whether such earlier protocols would constitute "prior State action" under 16 U.S.C. §2622(f)(1) or whether the Commission would need to take further action to utilize such provisions' "safe harbor" from further consideration?

Answer A

Mid-Atlantic SEIA and DE MSR do not believe there is a pressing need, at this time, to reexamine Delmarva Power & Light Company's ("DP&L or Delmarva") interconnection

standards (entitled "Technical Considerations Covering Parallel Operation of Customer Owned Generation of Less than One (1) Megawatt"). While Mid-Atlantic SEIA and DE MSR believe there are several aspects of Delmarva's interconnection standards that could be improved, we unaware of any significant issues that have arisen from the interconnection of solar or other types of customer-owned generation to DP&L's system. In general, solar companies and installers in Delaware have been satisfied with Delmarva's current interconnection standards and procedures.

As noted in PSC Order No. 6983, Delmarva's interconnection standards were promulgated in 2000, before the approval of IEEE 1547. However, Delmarva's interconnection standards were developed with the expectation of a future IEEE standard that would cover various types distributed generation (not just photovoltaic systems as was the case for IEEE 929). In practice, DP&L's interconnection standards have met the EPAct 2005 standard since 2003, when IEEE 1547 was approved.

Delmarva's interconnection standards were developed as part of PSC Docket No. 99-163 due to the net energy metering provisions also developed as part that docket.[1] The interconnection standards were developed from a series of working group meetings in 1999 to 2000 with representatives of DP&L, Commission Staff, the Division of the Public Advocate, and other interested parties. The resulting interconnection standards document was a consensus document and was approved by the Commission as part of a settlement. At the time of

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[1]While Mid-Atlantic SEIA and DE MSR do not see a pressing need to reexamine Delmarva's interconnection standards, we do see a need to reexamine the 25 kW limit for net metering. We believe Delmarva's very modest net metering limit is hampering the development of a robust solar energy market in Delaware and that the net metering limit should be significantly raised to encourage broader applications, particularly in the agricultural and commercial sectors..

Commission approval, only a handful of state public service commissions had approved interconnection standards for customer-based generation.

Mid-Atlantic SEIA and DE MSR believe that the development of Delmarva's interconnection standards, the Commission approval of those standards, and six years of distributed generation interconnection without significant issues, constitutes "prior State action" under 16 U.S.C. §2622(f)(1).

Question B
Do the provisions of the "Electric Utility Retail Customer Supply Act of 2006" (75 Del. Laws ch. 242, April 6, 2006) provide any guidance on how the Commission should approach or resolve issues related to interconnection of customer-owned generation to DP&L's and DEC's distribution facilities?

Answer B

The Electric Utility Retail Customer Supply Act of 2006 ("Act") does not address interconnection and therefore does not offer specific "guidance" on how the Commission should approach interconnection issues.

However, the Act does require an integrated resource planning (IRP) process that investigates all potential opportunities for fuel diversity and specifically encourages DP&L to consider the economic and environmental value of renewable resources, including solar energy. Fair and equitable interconnection standards encourage the use of distributed generation which usually leads to greater fuel diversity on the electric system. A robust IRP process would look at the potential of distributed generation to meet the goals of the IRP and what barriers exist to gaining the full potential of distributed generation.

Question C

If the Commission should revisit interconnection protocols and processes, should the Commission utilize any of the existing models as a "straw" proposal for Delaware interconnection standards?

i. If so, please describe which model should be chosen and why it is superior to other models for use in Delaware?

ii. In particular, please evaluate the MADRI model against the processes, standards, and agreements proposed by PJM (including its streamlined procedure for 2 MW or less resources).

Answer C

As stated above, Mid-Atlantic SEIA and DE MSR do not believe Delmarva's interconnection standards require reexamination at this time. If, however, the Commission decides to revisit interconnection standards, our preferred model standards are as follows, in order

1. New Jersey's interconnection standards.[2]
2. Interstate Renewable Energy Council's ("IREC") model rules.[3]
3. Recently promulgated rules for interconnection in Colorado.[4]

Any of the above would be preferable to the MADRI model and each uses the IEEE 1547 standard as a fundamental component of the interconnection standards. In particular, using New Jersey's interconnection standards as a model for Delmarva's interconnection standards makes a lot of sense due to the following:

- Pepco Holdings, Inc.'s (PHI) familiarity with New Jersey's interconnection standards because Atlantic City Electric, like DP&L, is part of PHI.
- New Jersey's interconnection standards are proven and tested having been used in more than 1,000 small generator system installations.
- Members of Mid-Atlantic SEIA and other solar companies and installers in the Mid-Atlantic region are very familiar with New Jersey's interconnection standards.

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[2]N.J.A.C. 14:4-9.2 and 14:4-9.5 through 14:4-9.11.

[3]See http://www.irecusa.org/connect/modelrules.pdf.

[4]See Decision No. C05-1461 Colorado Public Utilities Commission, Docket No. 05r-112e, In The Matter Of The Proposed Rules Implementing Renewable Energy Standards 4 CCR 723-3, Rule 3665.

In addition, we believe using New Jersey's interconnection standards as a model would lead to standards in Delaware that are similar to Delmarva's current standards and would lead to a seamless transition for both DP&L and small generator installers.

Mid-Atlantic SEIA and DE MSR believe that using MADRI or PJM's interconnection standards as "straw proposals" would be inappropriate and likely detrimental to the development of solar (and other types of small generators) as an economical resource in Delaware. Mid-Atlantic SEIA is a regional affiliate of the Solar Energy Industries Association ("SEIA"), which a national trade association of solar energy manufacturers, dealers, distributors, contractors, installers, architects, consultants, and marketers. Mid-Atlantic SEIA and SEIA were part of the Small Generator Coalition that participated in the MADRI discussions. The general concerns of small generators regarding the MADRI process are stated in the opening comment in the MADRI interconnection draft. Therein, the Pennsylvania Small Generator Coalition and Solar Energy Industries Association state:

> The intent of the MADRI Interconnection Working Group was to formulate regulations that could be used as a model by state utility commissions looking to establish distributed generation programs. We had hoped to formulate regulations that would build on the experiences of those states that have operating DG programs and provide a set of regulations that would be straightforward and "user-friendly." We understand many of the provisions in the MADRI procedures and standard form contracts are drawn from the FERC final rules. However, using the federal rules as a guide makes it more difficult and cumbersome to develop procedures and language suitable for state interconnection procedures and we believe the final draft reflects serious weakness because it is trying to apply federal concepts at the state level.
>
> We are concerned that the MADRI proposed regulation, in general, will not be easily understood by the regulated public, is overly prescriptive and actually

> complicates rather than simplifies the application and review process for small systems, particularly residential systems.[5]

While we believe there are a number of other problems with the MADRI model, we will highlight one issue with MADRI that we think should be of concern to the Commission — its fundamental reliance on the PJM interconnection standards. Adoption of the MADRI model could lead to the Commission foregoing its jurisdiction over those generators that would ordinarily be within its purview.

PJM interconnection rules are subject solely to the jurisdiction of the Federal Energy Regulatory Commission ("FERC"). However, based on MADRI rule 3.5.1 "[t]echnical standard to be used in evaluating all Interconnection Requests under Level 1, Level 2, Level 3 and Level 3A reviews, unless otherwise provided for in these procedures, is PJM's Small Generator Technical Requirements and Standards as those standards may be modified by PJM from time to time." This language means the Commission's standards would be based on technical standards at PJM and it would incorporate by reference the changes in those standards submitted to and approved by FERC from "time to time". The Commission would have no input, oversight, or review over those technical standards.

While this provision of the MADRI model could be crafted to remove this jurisdictional issue (as well as the technical basis for the model), we believe an easier solution would be to use New Jersey's proven and tested interconnection standards as a model. The inadequacy of the MADRI model can also be seen in a parallel proceeding, Case No. 9060, in Maryland in which no

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[5]See MADRI Model Small Generator Interconnection Procedures, http://www.energetics.com/madri/interconnection.html, p. 6.

party in the case, including Maryland Commission Staff, fully supported the MADRI model. To our knowledge, to date, no state commission has adopted the MADRI interconnection standard.

Question D
Should the Commission adopt a certain MW ceiling to apply to an interconnection standard to State-jurisdictional distribution facilities: If so, what should be that limit, and should the limit differ for each particular utility?

Answer D

The 1 MW or less ceiling for Delmarva's current interconnection standards is one of the aspects of the standards that Mid-Atlantic SEIA and DE MSR believe could be improved. This ceiling could probably be raised to 2 MW without alteration to other aspects of the standards. However, we believe that any changes to the current standards could best be accomplished a workshop/meeting comprised of DP&L's and other parties' technical experts to fully and frankly explore issues related to Delmarva's system. See our response to Question E for more on our thoughts any possible proceeding and issues related to state jurisdiction.

Question E
If revisiting is in order, what process would be the most efficient way for the Commission to proceed?
In particular, should the Commission defer its proceedings for a time to await actions by neighboring jurisdictions considering similar interconnection protocol standards? Can this be structured consistent with the PURPA procedural requirements?
If an immediate process is appropriate, how should that be structured consistent with the PURPA procedural requirements?

Answer E

If the Commission decides to reexamine Delmarva's interconnection standards, Mid-Atlantic SEIA and DE MSR suggest that the most efficient way to proceed would be to start with

several informal meetings for interested parties to discuss technical issues. This is how Delmarva's current standards were developed in 1999 to 2000.

While we believe that a series of informal discussions is the best way to resolve technical issues and we anticipate that these technical issues could be resolved relatively quickly in Delaware, we have concerns that establishment of a working group could overwhelm small generators' limited resources to participate if the proceeding became protracted. A limitation on the total number of workshop or other meetings would allow those parties with limited resources to participate. In addition, discussions regarding state-jurisdictional issues should be scheduled as part of the informal meetings or working group.

Mid-Atlantic SEIA and DE MSR do not see any direct value of awaiting the results of proceedings in neighboring jurisdictions.

Question F
Would it be more efficient to have DP&L and DEC initially submit re-worked documents and use those as "straw-men" for continued consideration of the PURPA standard? Similarly, should the Commission strive for a single interconnection standard and process or do differences exist between the two jurisdictional utilities that call for different interconnection protocols?

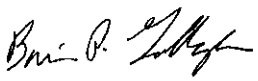
Answer F

Mid-Atlantic SEIA and DE MSR believe that the process described in response to Question E would be the most efficient way to begin any reexamination of the Delmarva's interconnection standards. While we believe that interconnection standards very similar to New Jersey would be appropriate and could serve a "straw" proposal, we do not think "straw-men" are necessary to begin technical discussions.

The recent vote by the members of the Delaware Electric Cooperative, to no longer be subject to Commission regulation, makes the second part of Question F no longer relevant.

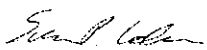
Mid-Atlantic SEIA and DE MSR appreciate the opportunity to comment in this proceeding.

Respectfully Submitted,



Brian Gallagher
Delaware Million Solar Roofs Coordinator

Susan P. LeGros



Executive Director, Mid-Atlantic Solar Energy Industries Association

cc: Service List